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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 05/16/08

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- 16) DPJ head Ozawa off on a nationwide stumping tour to ready for the next election (Asahi)
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Articles:

1) TOP HEADLINES

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Quake toll could top 50,000; Japan's rescue team dispatched to China; 10 million affected

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Nikkei:

Japan sees first decline in number of vehicle owners; Related industries to receive blow

2) EDITORIALS

Asahi:

- (1) Rational review of health insurance system for elderly needed
- (2) Hammer out measures to deal with steep oil price rise at G-8 Summit

Mainichi:

- (1) Launch of group to consider adding life sentence to criminal law: Propriety of death sentence also should be discussed
- (2) Thoroughly discuss plan for independent permanent-settlement area in line with "post-mega merger of Heisei era" system

Yomiuri:

- (1) Strict antimonopoly bill in line with international trend
- (2) 60th anniversary of establishment of Israel: Status quo will bring no bright future

Nikkei:

- (1) Change river policy prioritizing construction of dams
- (2) Many things must be considered before way opened to using space

Sankei:

- (1) Simulation of major quakes in Kinki, Chubu: Prepare full measures, focusing on key traffic systems
- (2) Companies' account settlement at turning point: Now recheck business strategy

Tokyo Shimbun:

- (1) Work out steady measures in anticipation of major quake
- (2) "Peaceful use" starting point of use of space

Akahata:

- (1) Reckless acts against public views steeply lowering support for Fukuda cabinet

3) Prime Minister's Official Residence (Kantei)

Prime Minister's schedule, May 15

NIKKEI (Page 2) (Full)
May 16, 2008

09:26

Met with former LDP Secretary General Nakagawa at Kantei.
Afterwards, met with LDP Reform Implementation Headquarters Chief Takebe.

10:10

Had a telephone conference with Australian Prime Minister Rudd, joined by MOFA Asian and Oceanian Affairs Bureau Director-General Saiki. Afterwards, met with Special Advisor to Prime Minister Ito.

11:33

Met with Deputy Chairman Hironaka and Secretary-General Nohno of the Parliamentary Forum to Discuss International Population Issue.

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13:05

Met with National Police Agency Director-General Yoshimura, followed by Special Advisor to Cabinet Nishimura.

13:58

Met with LDP Diet Affairs Committee Chairman Oshima and New Komeito Diet Affairs Committee Chairman Urushibara.

14:38

Met with Chief Cabinet Secretary Machimura. After him, met with MOD Defense Intelligence Headquarters Director-General Hokazono, Defense Policy Bureau Director-General Takamizawa, and Cabinet Intelligence Director Mitani. Mitani remained.

15:11

Met with Deputy Agriculture Minister Murakami and MOFA Economic Affairs Bureau Director-General Otabe. Afterwards, Met with FAO Director-General Diouf, joined by former Agriculture Minister Yatsu.

16:00

Met with Nikkei Chairman Sugita, its President Kita, and its Managing Director Akiyama. Afterwards, met with National Association of Shinkin Banks Chairman Takaharu Omae. Afterwards, met with Vice Foreign Minister Yabunaka, joined by Saiki.

17:38

Met with METI Vice Minister Kitabatake, Small and Medium Enterprises Agency Director-General Fukunaga and MAFF Director-General for Agricultural Affairs Ito.

18:00

Met with Special Advisor to Cabinet Okuda.

18:58

Attended a study meeting on foreign policy at Kantei, joined by Machimura.

4) Japan sends rescue team to China

TOKYO SHIMBUN (Page 1) (Full)
May 16, 2008

Following the Chinese government's announcement yesterday of accepting a Japanese rescue team, the Japanese government decided to dispatch an international disaster relief team that will consist of personnel from the Fire and Disaster Management Agency, the National Police Agency, the Japan Coast Guard, and the Japan International Cooperation Agency. The first unit of some 30 personnel left Haneda Airport yesterday evening for China. It will arrive at Chengdu, the capital of Sichuan Province before dawn today. Later in the morning, the group will travel to Qingchuan County, an area most hit hard by the earthquake, some 80 kilometers northeast of Sichuan Province's Beichuan County, and begin rescuing victims. The second relief unit of some 30 personnel will depart for China today. The Japanese team

will be then composed of a total of 60 or so personnel.

According to the Ministry of Foreign Affairs, the Japanese rescue team is the first foreign rescue team China has accepted.

The Japanese team consists of 17 disaster and fire management

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officials including those from the Tokyo Fire Department's Interprefectural Emergency Rescue Unit, and 20 riot police officers including those from the Tokyo Metropolitan Department, 13 special rescue officials from the Japan Coast Guard, and physicians and nurses from the Japan International Cooperation Agency. Three search and rescue dogs also join the team.

The Ministry of Internal Affairs and Communications' Fire and Management Agency intended to send 17 fire fighters to the quake-hit area, but because the Chinese side did not ask for the dispatch, the agency at one point decided not to dispatch them.

5) In about-face from just days before, China accepts Japan's offer to send rescue team; China may have high opinion of Japan's experience in relief efforts

YOMIURI (Page 2) (Excerpts)
May 16, 2008

The Japanese government will send in stages an international disaster relief team, consisting altogether of some 80 personnel, to Sichuan Province in order to rescue victims of the deadly earthquake. The first group of 31 personnel departed for China yesterday. Today, the second group of 29 personnel will leave Japan. Following them, a medical team of some 20 personnel is planned to be sent to China.

Immediately after the occurrence of the quake, Tokyo made an offer to send a rescue team to China, but Beijing did not respond.

Yesterday, however, China made an about-face from its previous stance (and accepted Japan's offer to send a rescue team). Speaking about why China has now asked Japan to send a rescue team, Senior Vice Foreign Minister Itsunori Onodera noted: "Japan has experience in dealing with disasters. The recent improvement in Japan-China relations also may have had a good effect." Prime Minister Fukuda told reporters at the Prime Minister's Official Residence: "It's take time to assess the full scope of the damage caused by the quake. It's unavoidable for it to (be slow to ask for help). Japan will extend as much cooperation as possible."

Japan has sent a small rescue team to China to deal with the aftermath of a massive flood in 1989 and to deal with the damage caused by SARS in 2003, but the rescue team Japan has sent this time is the largest ever.

The rescue team this time is composed of personnel from the Ministry of Foreign Affairs, the National Police Agency, the Japan Coast Guard, and the Japan International Cooperation Agency. It does not include any personnel from the Ministry of Defense and the Self-Defense Forces. According to a government official, the Chinese side did not want Japan to send SDF personnel to China. The disaster-affected area is close to Chongqing City, where anti-Japanese sentiments are still deep-rooted. Apparently, there seemed to be the Chinese side's judgment that the arrival of Japanese military personnel (even though their aim is to rescue victims) could further irritate frustrated local residents and have the opposite effect.

Is this China's signal to attach importance to Japan?

Yusuke Sugiyama, Beijing

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The Chinese government yesterday decided to accept Japan's offer to

send its rescue team to the area hit by the deadly Sichuan earthquake. Behind this decision is Beijing's judgment that it would be necessary to demonstrate at home and abroad that it is doing all it can to rescue human lives despite the situation being at its worst and the number of victims increasing.

After Beijing announced its decision to accept a Japanese rescue team, a major Chinese message board on the Internet posted a number of messages that unusually expressed thanks to and hopes of Japan and also anxiety like "Need to come here quickly:. 72 hours have already passed."

The entire country is anxious about the slow progress in rescuing tens of thousands of buried victims of the quake. Messages critical of the government are drawing attention. One such message said, "Too late." The public has cast doubts on the government's refusal to accept foreign rescuers by claiming "destroyed roads," according to the Civil Affairs Ministry. This seems to strong pressure on the government to comply.

6) China desperate to save quake victims, accepts Japan's disaster relief team; Destroyed roads stand in way of relief efforts

ASAHI (Page 2) (Excerpts)
May 16, 2008

The first Japanese disaster relief team departed for China late yesterday, following the Chinese government's acceptance of such assistance. Behind Beijing's acceptance lies the slow progress in rescuing victims of the recent quake. The Japanese assistance unit left for China but it was after the 72-hour time limit had passed - meaning that the survival rate then sharply drops in the aftermath of an earthquake. Still, victims are waiting for rescue.

Hu administration shows consideration to relations with Japan

Hideto Fujiwara, Beijing

"We have taken into account the principle that Japan is close to us and is quick to act." This remark came out from Chinese Foreign Ministry Spokesman Qin Gang yesterday, when he explained why China had accepted Japan's international disaster relief team.

On the night of May 12, the Chinese Civil Affairs Ministry and Foreign Ministry accepted the Japanese government's offer to send an emergency relief team. An official of the Civil Affairs Ministry, which received the offer from Japan ahead of the Foreign Ministry, told the Japanese side, "We will consider it." The ministry official was unable to respond promptly to the offer before his country had yet to prepare any relief unit.

Meanwhile, the Chinese Foreign Ministry seized this offer as an opportunity for China to demonstrate international cooperation, especially with the Beijing Olympics nearing. In addition, the ministry was apparently motivated by the desire to promote ties with Japan, which President Hu Jintao had visited recently. According to a diplomatic source, Japan's offer was without delay relayed to Hu and other Chinese leaders.

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China's National Earthquake Relief Team consisting of 214 personnel flew from Beijing at 7:45 p.m. of May 12, some five hours after the occurrence of the earthquake. Some of the team had experience in relief activities in Indonesia and Iran. Joining the team were 12 search-and-rescue dogs, and the team has two quake-relief-purpose vehicles and one emergency control vehicle. The team arrived at the disaster site in Dujiangyan City, Sichuan Province, at 2:23 a.m. of May 13.

China is frequently hit by earthquakes. So, it established the National Earthquake Relief Team in 2001 as a professional group of rescuers. Afterwards, local relief teams were also established, but the number of rescuers joining those teams total only some 3,000 persons from across the country.

On May 13, a senior Civil Affairs Ministry official told a news conference: "Rescuers could not reach the disaster site because of bad road conditions." Two days later, China turned around its previous policy (of not accepting foreign rescuers) and accepted (Japan's offer to send a rescue unit). According to a diplomatic source, the damage caused by the deadly earthquake is so serious that China had no choice but to accept the offer. Reportedly, the decision to accept the offer was made by Hu himself.

Yesterday, Prime Minister Fukuda indicated his understanding toward the situation in China, noting, "Given the scale of the recent earthquake, it is only natural to take time to see the full scope of the damage. Some time would be necessary to do so. It would be unavoidable to take time to ask for rescue teams from other countries."

The survival rate drops significantly 72 hours after the occurrence of an earthquake. Already 72 hours have passed in China, but the Chinese side strongly hoped for a dispatch of a rescue team. This move could be taken as a message by the Chinese leadership that the Chinese government has not given up all hope of rescuing victims.

7) Fukuda to announce in African Development Conference a plan to double ODA to Africa over five years

YOMIURI (Page 2) (Full)
May 16, 2008

The government decided yesterday to augment official development assistance (ODA) disbursements to Africa. Final coordination is now underway on a plan to double ODA to Africa over the next five years. Prime Minister Fukuda will announce the plan in the 4th Tokyo International Conference on African Development (TICAD4) to open on May 28 in Yokohama. The government intends to boost aid particularly to countries in sub-Saharan Africa, an area suffering from serious poverty and internal conflicts. The government aims to assist African countries' agricultural development and economic growth with increased aid.

The Japanese government announced in 2005 that it would double ODA disbursements to Africa in three years. Since then, it has augmented the amount of aid. A senior Foreign Ministry official said: "It will be possible to attain this goal," but a greater part of the financial aid has been used for their debt relief. Given this, Africa has asked the government to increase more substantial assistance. Recently, concern about steep rises in food prices is also heightening there.

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Japan has judged it is necessary to amplify its aid to Africa as the chair of the TICAD4 and the upcoming Lake Toya Summit (the Group of Eight Summit).

The government intends to offer more grant and payable aid to finance infrastructure-construction projects to develop technology to increase food production and to improve agricultural output.

8) Government, private sector to propose establishing safe zones as support measures for companies advancing into Iraq

NIKKEI (Page 5) (Full)
May 16, 2008

The government will consider support measures for companies advancing into Iraq. The government specifically plans to establish a public-private economic committee to periodically exchange investment information as well as safe zones where companies can conduct activities freely. An Iraq trade policy study group will be established in the Ministry of Economy, Trade and Industry. The group will be tasked with presenting a set of proposals to the Japanese and Iraqi governments by late July.

Although the situation in Iraq is still unstable, Western oil majors have advanced into the country for interests. The government will

improve the business environment surrounding Japanese companies.

The study group will hold its inaugural meeting on May 16. The meeting will be attended by officials from the Foreign Ministry, Japan External Trade Organization (JETRO), private-sector representatives, and Iraqi Ambassador to Japan Al-Jumaily. The group will propose the establishment of a public-private economic committee and sending a Japanese corporate delegation to the Kurdish Autonomous Region, where security is relatively stable. It will also call for the establishment of safe zones near borders and airports for corporations.

9) SOFA revision called for

MAINICHI (Page 5) (Full)
May 16, 2008

Kanagawa Gov. Shigefumi Matsuzawa and Okinawa Gov. Hirokazu Nakaima, who are chairman and vice chairman of the association of 14 prefectures hosting U.S. bases, visited yesterday Chief Cabinet Secretary Nobutaka Machimura at the Prime Minister's Official Residence, to call on the government to revise the Japan-U.S. Status Forces Agreement (SOFA) and the establishment of a special committee of representatives from the municipalities in the Joint Japan-U.S. Committee.

10) Gov't, Okinawa fret over Futenma relocation ahead of local election

YOMIURI (Page 4) (Full)
May 16, 2008

The government and Okinawa Prefecture are now growing frustrated as they see little progress in the planned relocation of the U.S. Marine Corps' Futenma Air Station in Ginowan, Okinawa Prefecture. Okinawa Prefecture will announce an election on May 30 for its

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assembly with voting and vote counting slated for June 8. This is because the relocation plan could be affected if the ruling parties fail to retain a majority in the prefectural assembly, according to a government official.

Okinawa Gov. Hirokazu Nakaima yesterday met with Chief Cabinet Secretary Machimura at the prime minister's office as one of those representing an association of governors from prefectures hosting U.S. military bases. In the meeting, Nakaima asked the government to revise the Japan-U.S. Status of Forces Agreement.

Nakaima looked for a chance to meet Machimura before or after the meeting. That is because Nakaima wanted to propose revising the government's plan to relocate Futenma airfield to a coastal area of Camp Schwab in Okinawa Prefecture's northern coastal city of Nago. However, he could not take Machimura's time. With the prefectural assembly election scheduled ahead, Okinawa Prefecture has a sense of crisis over the pending issue of Futenma relocation.

The government plans to lay down a V-shaped pair of airstrips as an alternative facility for Futenma airfield. Meanwhile, Okinawa Prefecture has asked the government to move the planned facility's location into the sea. The government will respond to Okinawa's proposal to revise the relocation plan. However, there was a strong backlash from the United States. The government therefore remains unable to go ahead with full-fledged consultations with Okinawa Prefecture.

The Okinawa prefectural assembly currently has a total of 48 seats, broken down into 27 for the ruling parties and 20 for the opposition parties with one vacancy. This time, however, a number of heavyweights from the ruling parties have clarified their intent to run in the next election for the House of Representatives or retire. In Okinawa Prefecture, some municipalities have been consolidated into larger ones. There are also changes in the number of seats for each electoral district. Some presume that the ruling and opposition parties could be on an even balance. The governor's approval is needed for filling up the alternative facility's neighboring waters.

However, if the ruling parties should become a minority group in the prefectural assembly, the governor's judgment may also be bound up with the prefectural assembly's decision.

"If the ruling and opposition parties change places, that would affect the relocation," a high-ranking government official said yesterday evening. "We must win," New Komeito Secretary General Kitagawa stressed in a liaison meeting of the government and ruling coalition yesterday.

"The prefectural assembly election would have repercussions from national politics, such as the new health insurance system for the elderly," Nakaima told reporters after meeting with Machimura. "I want to ask the expected candidates to do their best," he added.

11) U.S. soldiers to be determined as deserters within a day or two

ASAHI (Page 34) (Full)
May 16, 2008

Japan and the United States yesterday held a meeting of their intergovernmental joint committee to discuss the lack of information about a U.S. military deserter in connection with a taxicab driver slain in the city of Yokosuka, Kanagawa Prefecture. In the meeting,

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the Japanese and U.S. governments agreed to quicken procedures to acknowledge desertion. Based on the agreement, the United States will immediately inform Japan about deserters and ask Japanese police authorities to arrest them. The Japanese and U.S. governments will improve the Japan-U.S. Status of Forces Agreement's implementation.

Senior Vice Foreign Minister Itsunori Onodera revealed the agreement in a press conference yesterday. The U.S. military used to take up to about 30 days to acknowledge a deserter. From now on, the U.S. military is expected to acknowledge a deserter within a day or two after that deserter's whereabouts became unknown.

12) USFJ realignment subsidies set for local hosts

YOMIURI (Page 4) (Full)
May 16, 2008

The Defense Ministry yesterday decided informally on the amount of subsidies to be granted in fiscal 2008 to municipalities for their increased burden along with the planned realignment of U.S. forces in Japan. The ministry will grant a total of 6.168 billion yen to 38 municipalities, excluding Kanagawa Prefecture's Zama City, which is opposed to the U.S. Army's plan to move the forward-deployed headquarters of its 1st Corps headquarters to Camp Zama.

Okinawa Prefecture's Nago City and Ginozason Village, where the U.S. Marine Corps' Futenma Air Station will be relocated, will be subsidized for the first time. Nago City will receive the largest amount of subsidies at 970 million yen, which includes a subsidy for fiscal 2007. Yamaguchi Prefecture's Iwakuni City, which has now accepted the planned transfer of carrier-borne aircraft, will receive the second largest amount of subsidies at 768 million yen.

13) Japan mulling exporting 50,000 tons of rice to Philippines, using stocks held by Rice Stable Supply Ensuring Support Organization: Largest amount on commercial basis

NIKKEI (Page 5) (Full)
May 16, 2008

A plan to export rice to the Philippines, where there is a growing concern about a rice shortage due to a sharp rise in international rice prices, has surfaced. The most likely plan is to export 50,000 tons of rice from stocks, which the Rice Stable Supply Ensuring Support Organization (RSSESO) purchased in 2005, a year that experienced abundant crops. Japan exports about 1,000 tons of rice on a commercial basis. If the plan is realized, the scale would be the largest amount ever.

The Philippines is a major rice-importing country in the world. It is having difficulty procuring rice due to a rise in the prices of Thai rice, an indicator for rice prices. It has already exchanged a memorandum on rice imports with Vietnam. It appears that it has also sought cooperation from Japan.

The 2005 crop of rice that the RSSES0 purchased cannot be sold because of the supply and demand adjustment by the government. It is selling the stocks at low prices for use for rice powder. The organization had approximately 68,000 tons of such rice in stock as of the end of March. It will likely undergo coordination with the possibility of exporting 50,000 tons from those stocks.

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The largest importer of Japanese rice on a commercial basis is Taiwan. Japan exported 450 tons to that nation last year. A ban on rice exports to China was lifted last year on a provisional basis. However, export amounts to it are no more than 120 tons a year.

If it becomes possible to export rice on a scale much larger than the current level, it would boost a drive to expand rice exports, which have been sluggish due to high production cost. However, since the RSSES0 has purchased the rice for a special reason -- supply-demand adjustment due to abundant harvest, whether the move will lead to expanded exports is unclear.

14) Reversing previous explanation, operating whaling company says 10 kilograms of whale meat was given to crewmembers as "souvenir"

ASAHI (Page 34) (Abridged slightly)
May 16, 2008

Crew members of a Japanese whale research ship are suspected to have taken without permission some meat from whales caught during their activities. In this connection, Kyodo Senpaku Kaisha Ltd., the company that operates the whale research vessels, revealed yesterday the existence of the custom of giving 10 kilograms of whale meat to each crewmember free of charge as a "souvenir," reversing its previous claim until May 14 that denied charges of embezzlement or giving "souvenirs." There is clearly a gap in explanations with the Institute of Cetacean Research (ICR), which is authorized to conduct research whaling.

According to Kyodo Senpaku, the souvenir consisted of 8 kilograms of whale meat known as unesu in Japan that is used for bacon and 2 kilograms of red meat. Multiplying that amount by some 250 crew members comes to 2.5 tons in total. A source said: "Each crewmember can buy up to 3 kilograms of meat. They can also buy meat that was not bought by others." Kyodo Senpaku director Tajiro Tsurumoto noted: "Giving souvenirs is a custom in conducting research whaling. The money for the souvenirs has been paid to the ICR, so there is no problem. We think the amount of meat was also appropriate."

Souvenirs are usually given to crewmembers before getting off the ship. Whale meat is put on the market after the Fisheries Agency determines sales prices about two months after research vessels return to Japan. (Souvenir meat) hits the market before that. The ICR has not said that it had sold "souvenir meat" to Kyodo Senpaku; it has simply said that the organization had handed several kilograms of meat to each crewmember.

Administrative Vice-Agriculture, Forestry and Fisheries Minister Toshiro Shirasu in a press conference yesterday endorsed the practice of giving "souvenirs," saying, "Giving 10 kilograms of meat (per person) is not really a problem." At the same time, he indicated that Japan would conduct thorough research.

15) LDP lawmakers waiting for cabinet posts ardently desire cabinet shuffle after G8 summit

TOKYO SHIMBUN (Page 2) (Full)
May 16, 2008

Calls are growing in the ruling Liberal Democratic Party (LDP) for a cabinet shuffle after the Group of Eight summit in early July in

Hokkaido. All the more because a cabinet shuffle has been put off, although there have been many chances to carry it out, LDP members who have been looking forward to becoming cabinet ministers, are expressing their expectations of a cabinet shuffle after the G8 summit.

On the night of April 27 when the LDP candidate was defeated in the Lower House by-election for the Yamaguchi No. 2 constituency, Prime Minister Yasuo Fukuda met at his official residence with two influential LDP members, former Prime Minister Yoshiro Mori and Mikio Aoki, former chairman of the LDP Upper House caucus. Fukuda there told Mori and Aoki: "I will neither dissolve the Lower House nor resign en masse with my cabinet."

Feeling secure after hearing Fukuda's remark, Mori and Aoki suggested to Fukuda that in order to boost the government the cabinet be shuffled: 1) sometime between the end of the ongoing regular Diet session and the opening of the G8 summit, 2) immediately after the G8 summit, or 3) around September. The three discussed the pluses and minuses of the three timings.

Since Fukuda retained most ministers appointed by former Prime Minister Shinzo Abe in his cabinet when he took office, calls are strong in the LDP for a cabinet shuffle.

Fukuda forwent shuffling his cabinet in mid-January before the convocation of the current Diet session, claiming a tight Diet schedule. Although there were views calling for a cabinet shuffle at the end of March after the Diet passed the budget for fiscal 2008 and in May soon after the Golden Week holidays, Fukuda still did not make a move to shuffle his cabinet.

After the end of the ongoing regular session, the excuse that cabinet ministers cannot be changed while the Diet is in session cannot be used. If the cabinet is shuffled before the G8 summit, chances are that a minor cabinet shuffle will be carried out because the foreign minister and some other ministers will be retained in their posts. Therefore, many LDP lawmakers are greatly looking forward to a large-scale shuffle after the G8 summit.

There is a cautious view about a cabinet shuffle that Fukuda's grip on the party will weaken because some lawmakers and factions whose expectations are betrayed will hold a grudge against him and because there is concern about possible scandals involving new cabinet ministers. However, the dominant view in the party is that in a bid to gain public support rating for his cabinet, Fukuda has no other choice but to carry out a drastic shuffle even if it involves some risk.

However, LDP views are divided as to when the cabinet should be shuffled -- immediately after the G8 summit or in September. Except the presidency, the terms of the LDP executives will expire at the end of September. Many LDP members has said that in order to avoid double work, a cabinet shuffle and the selection of the party executives should be conducted the same time. LDP members will have to wait for Fukuda's decision on whether a cabinet shuffle and the selection of the party executives will be carried out in July or in September.

16) LDP President Ozawa to accelerate nationwide stumping tour for next Lower House election

Democratic Party of Japan (DPJ) President Ichiro Ozawa from late May will accelerate his nationwide stumping tour to campaign for the next House of Representatives election. The purpose of his decision is to have his party speed up the selection of candidates by creating a surge in public expectations about an early dissolution

of the Lower House and a snap election.

Ozawa, who started stumping nationwide last fall, has so far visited 16 prefectures this year. He plans to place priority on campaigning in the Tohoku and Kyushu-Okinawa regions.

The reason is that he considers that obtaining a majority of seats of the single-seat constituencies in the Tohoku region is the first step for his party's goal of securing 150 seats in the single-seat constituencies nationwide and that he thinks since the DPJ forces have not yet taken root in the Kyushu region, an early promotion in the region is needed. He will visit either region in later this month and plans to speed up the pace of stumping nationwide.

He intends to inspect medical, welfare and agricultural facilities in places where he will visit and to hold press conferences together with LDP-sponsored candidates. He also plans to hold meetings with senior members of Rengo (Japan Trade Union Confederation), DPJ prefectural chapters and support groups to obtain their cooperation in the next Lower House election.

17) Ruling parties' proposals to improve new medical service system for elderly people requires fiscal resources worth 200 billion yen, going against government goal of constraining social security expenses

NIKKEI (Page 2) (Full)
May 16, 2008

The government and the ruling parties have come up with measures to improve a new medical service system for elderly people aged 75 and older, which was introduced in April. However, the package would require about 200 billion yen if all proposals are to be implemented. Since the government has already set a goal of constraining growth of social security expenses by 220 billion yen a year, coordination would likely encounter difficulties.

Yuya Niwa and Hidehisa Otsuji of the Liberal Democratic Party (LDP) and Chikara Sakaguchi of the New Komeito yesterday evening conferred on measures to remedy the system. One participant revealed, "Many participants called for cutting premiums paid by low-income earners by 80 PERCENT -90 PERCENT ."

Premiums paid by low-income earners are reduced by 20 PERCENT -70 PERCENT under the present system. The ruling parties' proposal targets husbands whose income is lower than 1.68 million yen a year (current reduction percentage is 70 PERCENT). The plan likely to be adopted is that if a husband's income is lower than the basic pension -- 66,000 yen a month or approximately 800,000 yen a year, premiums paid by the husband and his wife would be reduced by 80 PERCENT -90 PERCENT .

Another plan is the exemption of premiums paid by elderly persons supported by their company employee child for a year starting in

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October. The government and the ruling parties will also look into freezing a decision to raise over-the-counter hospital fees paid by elderly persons in the 70-74 age bracket starting next April.

The problem is fiscal resources. It would need about 30 billion yen to exempt elderly persons supported by their company-employee child from paying premiums and about 140 billion yen to freeze a hike in the over-the-counter hospital fees paid by elderly people aged between 70 and 74.

If those measures are implemented within the current fiscal, it would be possible to use a supplementary budget. However, if they are carried out next year, a budgetary ceiling would be set on expenditures.

Given the fact that the government intends to constrain growth of social security expenses by 220 billion yen a year, it is difficult for it to make a generous commitment.

18) Government plans to concentrate personnel, authorities in

envisaged consumer agency: Jurisdiction of 22 laws to be transferred to enable agency to give recommendation to cabinet ministers; Government agencies alarmed about move

NIKKEI (Page 2) (Excerpts)
May 16, 2008

A draft proposal for a consumer affairs agency that the government will establish in fiscal 2009 was revealed on May 15. According to the plan, the envisaged agency will be made an external organ of the Cabinet Office. It will be granted authority to carry out comprehensive coordination with and issue recommendations to other government agencies. It will have a committee as a subordinate organization, based on Article 8 of the National Government Organization Law, for the purpose of reflecting consumers' opinions in its policy and administrative procedures. The government envisages bringing under the agency's jurisdiction a total of 22 laws, such as the Product Liability Law, the Law for Preventing Unjustifiable Extra or Unexpected Benefit and Misleading Representation and the Financial Instruments Sales Law. However, existing agencies are alarmed about their being deprived of authority and their personnel being trimmed. The government will aim at reaching a settlement in ministerial-level negotiations to be held around May 19.

The establishment of a consumer affairs agency is based on the proposal made by Prime Minister Yasuo Fukuda. The Consumer Administration Promotion Council reporting to the prime minister, chaired by Gakushuin University Professor Takeshi Sasaki, will map out a set of specific proposals in early June. The government will aim at submitting related bills, such as one amending the Cabinet Office Law, to the extraordinary Diet session to be convened in the fall.

19) Developing GX rocket costs 200 billion yen, three times initial estimate

MAINICHI (Page 2) (Full)
May 16, 2008

The government and private sectors are jointly developing the GX mid-sized rocket. Japan Aerospace Exploration Agency (JAXA) and

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other organizations yesterday reported to a Space Activities Commission sub-panel that test-launching a prototype GX would cost between 15 billion yen and 19.5 billion yen. The cost is higher than that for the mainstay H2A rocket with launch capability more than twice the GX's. Many questioned the significance of developing the GX.

In the meeting, JAXA and the private sector presented the estimates based on four patterns of components and launch sites.

The project would further cost between 83 billion yen and 138 billion yen. The total development cost would swell to 150 billion yen to 200 billion yen instead of the originally projected 55 billion yen.

DONOVAN